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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS
MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2008 JUL 11 P 2:50
AT BOARD DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN

DOCKET NO. E-01345A-08-0172

PROPOSED PUBLIC NOTICE OF MOTION FOR APPROVAL OF INTERIM RATE AND FILING OF ADDITIONAL AFFIDAVIT IN SUPPORT OF MOTION

Proposed Notice

At the direction of the Presiding Officer herein, and after consultation with Commission Staff, Arizona Public Service Company ("APS" or "Company") is proposing two separate forms of public notice regarding its June 6, 2008 Motion requesting approval by the Arizona Corporation Commission ("Commission") of an interim rate increase. The first, attached hereto as Exhibit A, is modeled after the notice required by the Commission in Docket No. E-01345A-06-0009 (the Company's previous request for interim rate relief) pursuant to a Procedural Order dated January 27, 2006. As in that earlier proceeding, APS is proposing that this longer and more standard legal notice be published in a newspaper of general circulation within the APS service area. The second form of notice, attached hereto as Exhibit B, is a shorter, more "customer-friendly," notice that APS would include as a bill message to its customers.

Arizona Corporation Commission
DOCKETED

JUL 11 2008

DOCKETED BY *mm*

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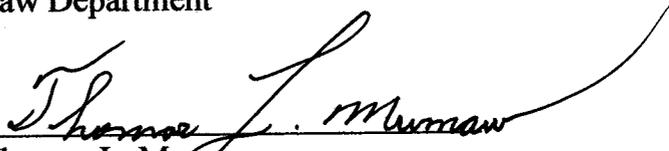
1 The precise timing of these two notices would be left to the discretion of the
2 Presiding Officer, although APS would note that newspaper publication normally requires
3 approximately eight (8) business days lead time and the publication of a bill message
4 some six (6) business days of lead time. APS has also left blank both the day upon which
5 the hearing would commence and the cut-off date for intervention, presuming that those
6 dates would be supplied by the Presiding Officer in a Procedural Order.

7 **Additional Affidavit**

8 As noted in the Company's filing herein of June 30, 2008, APS has agreed to
9 submit an additional affidavit in support of its Motion. This affidavit would address
10 differing means of assessing any interim rate relief found appropriate by the Commission
11 as well as the customer bill impacts of these varying proposals. Thus, the Affidavit of
12 David J. Rumolo is attached hereto as Exhibit C. This affidavit, in addition to those of
13 Donald E. Brandt and Dr. Charles J. Cicchetti, would constitute the Company's direct
14 testimony in support of its Motion.

15 RESPECTFULLY SUBMITTED this 11th day of July, 2008.

16 PINNACLE WEST CAPITAL CORPORATION
17 Law Department

18 
19 Thomas L. Munnaw
20 Meghan H. Gabel

21 Attorneys for Arizona Public Service Company

22
23 **ORIGINAL** and 13 copies of the foregoing
filed this 11th day of July 2008, with:

24 Docket Control
25 Arizona Corporation Commission
1200 West Washington
26 Phoenix, AZ 85007

1 **A COPY** of the foregoing was hand-delivered, mailed or e-mailed
2 this 11th day of July 2008, to:

3 Ernest G. Johnson
4 Director, Utilities Division
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, AZ 85007

Stephen J. Baron
J. Kennedy & Associates
570 Colonial Park Drive Suite 305
Roswell, GA 30075

7 Janet Wagner
8 Legal Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, AZ 85007

Theodore Roberts
P.O. Box 1448
Tubac, AZ 85646

10 Lyn Farmer
11 Chief Hearing Officer, Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, AZ 85007

Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646

14 Patrick J. Black
15 Fennemore Craig
16 3003 North Central, Suite 2600
17 Phoenix, AZ 85012-2913

Michael A. Curtis
501 East Thomas Road
Phoenix, AZ 85012

17 C. Webb Crockett
18 Fennemore Craig
19 3003 North Central, Suite 2600
20 Phoenix, AZ 85012-2913

William P. Sullivan
501 East Thomas Road
Phoenix, AZ 85012

20 Michael L. Kurtz
21 Boehm, Kurtz & Lowry
22 36 East Seventh Street, Suite 1510
23 Cincinnati, OH 45202

Larry K. Udall
501 East Thomas Road
Phoenix, AZ 85012

23 Kurt J. Boehm
24 Boehm, Kurtz & Lowry
25 36 East Seventh Street, Suite 1510
26 Cincinnati, OH 45202

Daniel W. Pozefsky
RUCO
1110 West Washington Street, Suite 220
Phoenix, AZ 85007

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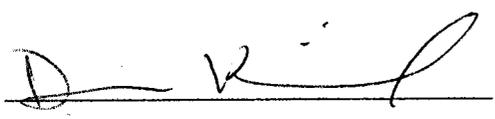
The Kroger Company
Dennis George
Attn: Corporate Energy Manager (G09)
1014 Vine Street
Cincinnati, OH 45202

David Berry
Western Resource Advocates
PO Box 1064
Scottsdale, AZ 85252-1064

Michael Grant
Gallagher & Kennedy, P.A.
2575 E. Camelback Road
Phoenix, AZ 85016

Jay I. Moyes
MOYES, SELLERS & SIMS
1850 North Central Avenue, Suite 1100
Phoenix, AZ 85004

Jeffrey J. Woner
K.R. Saline & Assoc., PLC
160 N. Pasadena, Suite 101
Mesa, AZ 85201



Timothy M. Hogan
Arizona Center for Law in the Public
Interest
202 E. McDowell Road, Suite 153
Phoenix, AZ 85004

Jeff Schlegel
SWEEP Arizona Representative
1167 W. Samalayuca Dr.
Tucson, AZ 85704-3224

Gary Yaquinto
Arizona Investment Council
2100 North Central, Suite 210
Phoenix, AZ 85004

Karen Nally
MOYES, SELLERS & SIMS
1850 North Central Avenue, Suite 1100
Phoenix, AZ 85004

PUBLIC NOTICE OF HEARING ON THE
REQUEST FOR AN INTERIM RATE INCREASE
BY ARIZONA PUBLIC SERVICE COMPANY
DOCKET NUMBER E-01345A-08-0172

On June 6, 2008, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") a Motion for Approval of Interim Rate Increase ("Motion"). In its Motion, APS requested that the Commission approve an "Interim Base Rate Surcharge" of approximately \$115 million annually, or \$.003987 per kWh. The Interim Rate would be equal to the \$.003987 per kWh 2007 Power Supply Adjustor charge ("2007 PSA Adjustor") granted in Decision No. 69663 (June 28, 2007) and which expires after the last billing cycle in July, 2008. The Interim Rate would be subject to refund and represents a portion of the permanent rate increase requested by the Company on June 2, 2008. Copies of APS's Motion are available at the Company's office at 400 N. 5th Street, Phoenix, AZ (602-250-2767) and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a hearing on this matter beginning _____ at ____ a.m. at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. **Written public comments** may be submitted via email (visit http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf for instructions), or by mailing a letter referencing Docket No. E-01345A-08-0172 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The law provides for an open public hearing and allows interested parties to intervene in such proceedings. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene and 13 copies with the Commission. A copy of the motion should also be sent to APS or its counsel and to all parties of record. The motion, at a minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer, stockholder of APS, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to APS or its counsel and to all parties of record in the case.

The granting of motions to intervene is governed by A.A.C. R14-3-105. All motions to intervene must be filed on or before _____. For information about requesting intervention, visit the Arizona Corporation Commission's webpage at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>, or contact the Commission offices at 602-542-4251 or 1-800-222-7000. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However,

failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, _____, voice phone number 602/542-_____, E-mail: _____ Requests should be made as early as possible to allow time to arrange the accommodation.

NOTICE OF REQUEST FOR INTERIM RATE INCREASE

On June 6, 2008, APS filed a Motion with the Arizona Corporation Commission (“Commission”) to approve an Interim Base Rate increase through a Surcharge of approximately \$115 million annually, or \$.003987 per kWh. The Interim Rate would be equal to the \$.003987 per kWh 2007 Power Supply Adjustor charge approved by Decision No. 69663 (June 28, 2007), which expires at the end of July, 2008. The Interim Base Rate Surcharge would represent a portion of the Company’s pending request for a permanent increase filed on June 2, 2008 and would be subject to refund with interest pending the Commission's final decision in APS’ rate case.

The APS motion is available for review during regular business hours at the Commission’s offices at 1200 West Washington Street, Phoenix, Arizona 85007, and on the internet via the Commission’s website at www.azcc.gov using the eDocket function. The Commission will consider this matter beginning _____, but the public may submit written comments to the Commission on this matter or intervene in this proceeding. Any written comments or requests to intervene should reference Docket No. E-01345A-08-0172. Written comments may be submitted via email (visit http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf for instructions), or by mailing a letter to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007. Members of the public may also appear at the hearing on this matter and give public comment at the start of the hearing. Please contact the Commission’s offices at 602-542-4251 or 1-800-222-7000 if you desire further information on commenting or intervening in this proceeding.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 KRISTIN K. MAYES
7 GARY PIERCE

7 IN THE MATTER OF THE APPLICATION OF
8 ARIZONA PUBLIC SERVICE COMPANY FOR
9 A HEARING TO DETERMINE THE FAIR
10 VALUE OF THE UTILITY PROPERTY OF THE
11 COMPANY FOR RATEMAKING PURPOSES,
12 TO FIX A JUST AND REASONABLE RATE OF
13 RETURN THEREON, TO APPROVE RATE
14 SCHEDULES DESIGNED TO DEVELOP SUCH
15 RETURN

DOCKET NO. E-01345A-08-0172

**AFFIDAVIT OF
DAVID J. RUMOLO IN
SUPPORT OF APS'S MOTION
FOR APPROVAL OF INTERIM
BASE RATE SURCHARGE**

13 **General**

14 1. My name is David J. Rumolo. I am the Manager of Regulation and Pricing
15 of Arizona Public Service Company ("APS" or "Company"). I am responsible for the
16 establishment and administration of APS tariffs and contract provisions that are under the
17 jurisdiction of the Arizona Corporation Commission ("ACC" or "Commission"). I am
18 also responsible for certain aspects of APS tariffs that fall within the jurisdiction of the
19 Federal Energy Regulatory Commission ("FERC"). My business address is 400 North 5th
20 Street, Phoenix, Arizona, 85004.

21 2. The purpose of this affidavit is to provide testimony on the rate design
22 aspects of the Company's Interim Base Rate Surcharge proposal. I describe alternative
23 rate designs and provide analyses of the bill impacts of the Company's proposal on typical
24 customers.
25
26

1 3. The current \$0.003987/kWh Interim Power Supply Adjustor (“Interim PSA
2 Adjustor”) that was authorized in Decision No. 69663 to collect approximately \$46
3 million will terminate with the last billing cycle of July, 2007. Customers who are billed
4 on that cycle generally will receive their bills during the first week of August.

5 4. APS has requested that the Commission approve an Interim Base Rate
6 Surcharge equivalent to the \$0.003987/kWh PSA adjustor, and requests that it be effective
7 with the first billing cycle in November 2008 to reduce the continued degradation of the
8 Company’s financial position. This aspect of the Company’s request is discussed in the
9 affidavit of Mr. Donald Brandt.

10 5. The Company has analyzed three alternative methods for implementing the
11 Interim Base Rate Surcharge. These are a) assess the surcharge on a per kWh basis
12 similar to the Interim PSA Adjustor; b) assess the surcharge as percentage adder to base
13 bills using an equal percentage increase for all customers; and c) assess the surcharge
14 revenue requirements to customer classes on a per kWh basis but recover the resulting
15 revenue requirements on a demand basis from general service customers whose base rates
16 include demand charges. The last option is the same method that was approved in
17 Decision No. 67744 for the computation of the Demand Side Management Adjustment
18 Charge (“DSMAC”). It would also function similarly to the Transmission Cost Adjustor
19 (“TCA”). Each method will provide the Company with approximately the same revenue
20 but will have differing impacts on customer classes. The Company is proposing that
21 customers who receive service under the low-income and medical equipment rate
22 schedules (Schedules E-3 and E-4) not be charged the Interim Base Rate Surcharge under
23 any of the rate design alternatives since those customers were exempt from the PSA
24 adjustor.

25
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Analysis

1
2 6. Based on projected sales in 2008, applying the \$0.003987/ kWh charge to
3 forecast sales of 28,862,000 MWh excluding E-3 and E-4 customers, the requested
4 interim relief, were it in effect in 2008 would generate an estimated \$115 million as
5 described in the APS request. The proposed interim surcharge would become effective
6 when approved by the Commission and would remain in effect until a final order is issued
7 in the APS rate case Docket No. E-01345A-08-0172.

8 7. Under the first rate option, the \$0.003987/kWh would be applied to all
9 affected customers. For un-metered customers, such as streetlighting sales, the charge
10 would be based on the calculated energy consumption in the same manner as the Interim
11 PSA Adjustor. Therefore, under this option customers would be paying the same as under
12 the PSA and have no bill impact from what they are paying today. However, for high
13 load factor customers served from rates where energy-based charges are a large portion of
14 the bill, an energy-based interim charge results in a greater increase than those customers
15 would experience from a base rate increase that is not based solely on energy.

16 8. Under the second rate option, the surcharge would be a fixed percentage of
17 base rates applied uniformly across all rate schedules. Based on the assumption that the
18 surcharge is designed to recover \$115 million and utilizing adjusted 2007 test year base
19 revenue, the percentage would be approximately 4.4%. The percentage across the board
20 method raises the bills of residential customers and small general service customers
21 slightly more than a "cents per kWh" approach.

22 9. The third option provides a compromise to the first two options and, as was
23 mentioned earlier is a method similar to the method used for the DSMAC and TCA. The
24 third option is a two-step process. The first step consists of assigning the revenue
25 requirements to customer classes i.e. residential, general service, industrial etc., on an
26 energy basis. Next, for general customers who are billed on rates with explicit demand

1 charges (e.g. E-32 over 20 kW, E-34, E-35), the revenue requirements are converted to a
 2 per kilowatt demand charge. For residential customers, this method results in bill impacts
 3 comparable to the first rate option. Attachment DJR-1 presents the details of the
 4 calculation of the charges under the three rate options. The table below summarizes the
 5 average monthly bill impacts on customers compared to base rate charges for the three
 6 options. In both Table 1 and Attachment DJR-1, I have calculated the percentage increase
 7 compared to base rate revenues for purposes of consistency. Had I calculated the change
 8 as a percentage of the entire customers' bills, including adjusters, the percentages would
 9 be slightly lower.

Table 1 – Bill Comparison of Rate Design Options

CUSTOMER CLASS	OPTION 1 (KWH BASIS)	OPTION 2 (% BASIS)	OPTION 3 (KWH OR/KW BASIS)
Residential			
% increase	4.01%	4.36%	4.01%
\$ increase	\$4.66	\$5.07	\$4.66
Gen.Serv.-Small			
% increase	4.46%	4.36%	4.58%
\$ increase	\$34.54	\$33.73	\$35.40
Lg. Gen. Serv.			
% increase	6.50%	4.36%	\$4.73%
\$ increase	\$15,980	\$10,717	\$11,624

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10. Attachment DJR-2 presents a comparison of bill impacts to customers resulting from the adoption of the requested interim base rate surcharge. The bill impacts are presented based on average annual bills as well as average summer and average winter bills. On an annual basis, a \$0.003987/ kWh surcharge results in a \$4.66/ month impact for an average residential customer using 1,169 kWh per month. The Company proposed

1 a procedural schedule on June 30, 2008, that was agreed upon or not opposed by Staff and
2 other parties that would allow the Commission to issue a final resolution of the
3 Company's request by early November. If the proposed Interim Base Rate Surcharge
4 becomes effective with the first billing cycle in November, 2008 that would be coincident
5 with the switch to winter rates. In addition to the benefit of introducing the interim
6 surcharge at a time when billing rates move to lower levels, average consumption is also
7 lower. For the winter season, the average residential customer uses 930 kWh. The
8 \$0.003987/kWh interim surcharge would result in a \$ 3.71 charge.

9
10 **Conclusion**

11 11. In summary, each of the three rate options described in my affidavit provide
12 APS with approximately the same level of interim rate relief, and the Company does not
13 have a preference for any one of the options. The choice among the options is largely a
14 matter of customer acceptance of and preference for a particular rate design.

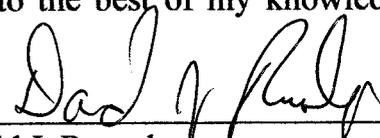
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This concludes my affidavit.

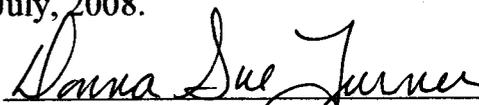
State of Arizona)
) ss.
County of Maricopa)

I, David J. Rumolo, having been first duly sworn, state that I have read the foregoing affidavit and that the same is true and correct to the best of my knowledge, information, and belief.



David J. Rumolo

Subscribed and sworn before me this 11 day of July, 2008.



Notary Public



My Commission Expires:
April 20, 2012

ANALYSIS OF INTERIM RATE DESIGN OPTIONS

	2007 Test Year Data				Option 1		Option 2		Option 3	
	Average # of Cust.	Adjusted MWh Sales	Avg annual Use/Cust kWh	Base TY rev present rates (\$x1,000)	Per kWh charge Revenue (\$x1000)	% Increase	% Increase Charge Revenue @ 4.36%	DSMAC Method Revenue (\$x1000)	% Increase	
Residential										
E-10	62,712	526,327	8,393	\$ 57,215	\$ 2,098	3.67%	\$ 2,495	\$ 2,098	3.67%	
E-12	447,532	4,053,590	9,058	442,588	16,162	3.65%	19,297	16,162	3.65%	
EC-1	17,348	343,675	19,811	32,443	1,370	4.22%	1,415	1,370	4.22%	
ET-1	353,442	6,181,124	17,488	594,946	24,644	4.14%	25,940	24,644	4.14%	
ECT-1R	48,110	1,418,894	29,493	122,822	5,657	4.61%	5,355	5,657	4.61%	
ET-2	29,822	724,545	24,296	70,808	2,889	4.08%	3,087	2,889	4.08%	
ECT-2	7,046	308,660	43,806	26,213	1,231	4.69%	1,143	1,231	4.69%	
Total Residential	966,012	13,556,815	14,034	\$ 1,347,035	\$ 54,051	4.01%	\$ 58,731	\$ 54,051	4.01%	
General Service										
E-20	329	34,392	104,535	\$ 3,267	\$ 137	4.20%	\$ 142	\$ 287	8.77%	
E-21	20	1,037	51,850	123	4	3.36%	5	7	5.29%	
E-22	13	2,622	201,692	308	10	3.39%	13	29	9.43%	
E-23	84	19,246	229,119	1,749	77	4.39%	76	96	5.51%	
E-24	38	111,865	2,943,816	7,722	446	5.78%	337	407	5.27%	
E-30	4,618	5,648	1,223	1,134	23	1.99%	49	23	1.99%	
E-32 (0 to 20 KW)	89,228	1,435,595	16,089	172,703	5,724	3.31%	7,530	5,724	3.31%	
E-32 (21 to 100 KW)	18,248	2,727,984	149,495	272,756	10,876	3.99%	11,892	13,759	5.04%	
E-32 (101 to 400 KW)	4,058	3,468,621	854,761	292,377	13,829	4.73%	12,748	14,249	4.87%	
E-32 (401+ kw)	1,006	4,067,019	4,042,762	306,941	16,215	5.28%	13,383	14,081	4.59%	
E-32TOU	64	76,961	1,202,828	5,526	307	5.55%	241	152	2.76%	
E-34	39	1,282,858	32,893,795	84,806	5,115	6.03%	3,698	4,064	4.79%	
E-35	20	1,554,899	77,744,950	89,217	6,199	6.95%	3,890	4,166	4.67%	
E-40	1	1	1,000	1	0	0.40%	0	-	0.00%	
E-51	1	8,748	8,748,000	602	35	5.79%	26	27	4.47%	
E-55	1	8,170	8,170,000	936	33	3.48%	41	1,308	139.70%	
Total General Service	117,768	14,805,686	125,719	\$ 1,240,168	\$ 59,030	4.76%	\$ 54,071	\$ 58,378	4.71%	
Irrigation and Water Pumping										
E-38, E-38-8T, E-38TOW	71	5,658	79,690	\$ 430	\$ 23	5.25%	\$ 19	\$ 39	8.98%	
E-221, E-221-8T, E-221TOW	1,397	332,112	237,732	24,946	1,324	5.31%	1,088	1,960	7.86%	
Total Irrigation	1,468	337,770	230,089	\$ 25,376	\$ 1,347	5.31%	\$ 1,106	\$ 1,999	7.88%	
Outdoor Lighting										
E-58	600	31,868	53,113	\$ 8,719	\$ 127	1.46%	\$ 380	\$ 127	1.46%	
E-59, City Streetlight Contracts	243	82,185	338,210	7,635	328	4.29%	333	328	4.29%	
E-67	189	3,944	20,868	178	16	8.83%	8	16	8.83%	
Contract	40	10,753	268,825	840	43	5.10%	37	43	5.10%	
Total Outdoor Lighting	1,072	128,750	120,103	\$ 17,372	\$ 513	2.95%	\$ 757	\$ 513	2.95%	
Dusk to Dawn Lighting Service		\$ 26,102		\$ 7,496	\$ 104	1.39%	\$ 327	\$ 104	1.39%	
Total Sales to Ultimate Retail Customers	1,086,320	28,855,123	26,562	\$ 2,637,447	\$ 115,045	4.36%	\$ 114,993	\$ 115,045	4.36%	
2007 Sales Subject to E-3/E-4		(485,291)								
2007 E-36 Sales		35,254								
2007 Sales basis for Interim Charge		28,405,086			\$ 113,251	4.29%				
2008 Sales (less E-3 and E-4)		28,800,000								
2008 E-36 Sales		62,000								
2008 Sales basis for Interim Charge		28,862,000								

ANALYSIS OF INTERIM RATE DESIGN OPTIONS

Calculation of GS using DSMAC Approach

	Average # of Cust.	Adjusted MWh Sales	Avg annual Use/Cust kWh	Base TY rev present rates (\$x1,000)	TY demands	Avg Load Factor	Revenue Based on kW
General Service							
E-20	329	34,392	104,535	\$ 3,267	189,966	24.8%	\$ 286,546
E-21	20	1,037	51,850	123	4,311	33.0%	6,503
E-22	13	2,622	201,692	308	19,259	18.6%	29,050
E-23	84	19,246	229,119	1,749	63,935	41.2%	96,440
E-24	38	111,865	2,943,816	7,722	269,788	56.8%	406,950
E-30	4,618	5,648	1,223	1,134	-	-	-
E-32 (0 to 20 KW)	89,228	1,435,595	16,089	172,703	-	-	-
E-32 (21 to 100 KW)	18,248	2,727,984	149,495	272,756	9,121,483	41.0%	13,758,893
E-32 (101 to 400 KW)	4,058	3,468,621	854,761	292,377	9,446,689	50.3%	14,249,436
E-32 (401+ kw)	1,006	4,067,019	4,042,762	306,941	9,334,960	59.7%	14,080,903
E-32TOU	64	76,981	1,202,828	5,526	100,979	104.4%	152,317
E-34	39	1,282,858	32,893,795	84,806	2,694,567	65.2%	4,064,499
E-35	20	1,554,899	77,744,950	89,217	2,761,604	77.1%	4,165,618
E-40	1	1	1,000	1	-	-	-
E-51	1	8,748	8,748,000	602	17,850	67.1%	26,925
E-55	1	8,170	8,170,000	936	866,873	1.3%	1,307,596
Total General Service	117,768	14,805,686	125,719	\$ 1,240,168	34,892,264	58.1%	\$52,631,676
E-38							
E-38	71	5,658	79,690	\$ 430	25,588	30.3%	\$ 38,597
E-221	1,397	332,112	237,732	24,946	1,299,684	35.0%	1,960,450
Total Pumping	1,468	337,770	230,069	\$ 25,376	1,325,272	34.9%	\$ 1,999,047
General Service and Pumping	119,236	15,143,456	355,808	\$ 1,265,544	36,217,536	57.3%	\$54,630,723
Revenue Requirements @ \$0.003987/kWh			54,631				
Charge Expressed in \$/kW		\$	1.508				

Computation of Average Bill Impact

	Average Bill (Base Charge)	Option 1	Option 2	Option 3
Residential	\$ 116.20	\$ 4.66 4.01%	\$ 5.07 4.36%	\$ 4.66 4.01%
General Service (E-32)	\$ 773.63	\$ 34.54 4.46%	\$ 33.73 4.36%	\$ 35.40 4.58%
Industrial (E34/E35)	\$ 245,795	\$ 15,980 6.50%	\$ 10,717 4.36%	\$ 11,624 4.73%

Note: Bill increases due to the proposed Interim Base Rate Surcharge are equivalent to the roll-off of the \$0.003987/kWh Interim Power Supply Adjustor for all customers under Option 1 and most customers under Option 3

ARIZONA PUBLIC SERVICE COMPANY
Monthly Bill Impact - Interim Rate

	Annual Monthly Bill	Summer Monthly Bill	Winter Monthly Bill
Residential			
Average kWh per Month	1,169	1,408	930
Base Rates	\$ 116.20	\$ 150.41	\$ 81.99
PSA - Forward and Historical Components (4.0 mils)	4.68	5.63	3.72
PSA - Interim Adjustor (3.987 mils)	4.66	5.61	3.71
Roll off of PSA - Interim Adjustor (3.987 mils)	(4.66)	(5.61)	(3.71)
All Other Bill Components	3.33	3.73	2.90
Total without Interim Base Rate Adjustor	\$ 124.21	\$ 159.77	\$ 88.61
Bill impact of Interim Base Rate Adjustor (3.987 mils)	\$ 4.66	\$ 5.61	\$ 3.71
Commercial E32			
Average kWh per Month	8,663	9,628	7,698
Base Rates	\$ 773.63	\$ 912.51	\$ 634.75
PSA - Forward and Historical Components (4.0 mils)	34.65	38.51	30.79
PSA - Adjustor (3.987 mils)	34.54	38.39	30.69
Roll off of PSA - Adjustor (3.987 mils)	(34.54)	(38.39)	(30.69)
All Other Bill Components	47.10	52.34	41.84
Total without Interim Base Rate Adjustor	\$ 855.38	\$ 1,003.36	\$ 707.38
Bill impact of Interim Base Rate Adjustor (3.987 mils)	\$ 34.54	\$ 38.39	\$ 30.69
Industrial E34/35			
Average kWh per Month	4,008,132	4,176,596	3,839,667
Base Rates	\$ 245,795.07	\$ 256,684.48	\$ 234,905.67
PSA - Forward and Historical Components (4.0 mils)	16,032.53	16,706.38	15,358.67
PSA - Adjustor (3.987 mils)	15,980.42	16,652.09	15,308.75
Roll off of PSA - Adjustor (3.987 mils)	(15,980.42)	(16,652.09)	(15,308.75)
All Other Bill Components	3,946.24	4,105.94	3,786.54
Total without Interim Base Rate Adjustor	\$ 265,773.84	\$ 277,496.80	\$ 254,050.88
Bill impact of Interim Base Rate Adjustor (3.987 mils)	\$ 15,980.42	\$ 16,652.09	\$ 15,308.75

Notes:

- 1) Bill excludes regulatory Assessment charge, taxes and fees, but their inclusion would not affect the bill impact due to the Interim Base Rate Surcharge.
- 2) Bill increases due to the proposed Interim Base Rate Surcharge are equivalent to the roll-off of the \$0.003987/kWh Interim Power Supply Adjustor and reflect the Option 1 method for applying the Interim Base Rate Surcharge.